

REGULATOR OF SOCIAL HOUSING & NATIONAL HOUSING FEDERATION GOVERNANCE COMPLIANCE

Report of the Finance Director & Company Secretary

1. SUMMARY

- 1.1. The Regulator of Social Housing (RSH) requires the Board to make a positive statement of its compliance with its standards on governance through a self-assessment, as part of the Governance and Viability Standard to which Registered Providers (RPs) must adhere. This year's self-assessment is attached at **APPENDIX 1**.
- 1.2. The RSH Standard, is enhanced by a Code of Practice that gives guidance on how RPs can demonstrate that the standard is met.
- 1.3. The Board adopted the National Housing Federation (NHF) Code of Governance 2020. Section 3.11 of the NHF Code requires a compliance statement to be published with the annual report, with an explanation given for any non-compliance with the Code of Governance.
- 1.4. Many of the provisions of these two requirements overlap. This report sets out the self-assessed annual review of Derby Homes' position with respect to each.
- 1.5. The overall conclusions of the self-assessments are that Derby Homes complies with the RSH Governance and Viability standard and complies with the NHF Code of Governance 2020, albeit with a number of declared 'non-compliances' with reasoned explanations for the NHF code. This is permitted by the Code itself, especially where the Constitution overrides the approach suggested by the Code. The non-compliances to the NHF 2020 Code are explained in **Appendix 2**.

2. RECOMMENDATION

- 2.1. That the Governance Committee recommends to the Board that it makes the following statements in its 2021/22 accounts with respect to these reviews:

"In its view, Derby Homes Board complies with the RSH Governance & Viability standard" as set out in the attached detailed Appendix.

and

“In its view, Derby Homes Board complies with the NHF Code of Governance 2020, albeit the Board recognises three areas of declared non-compliance as detailed in section 4.5.

- 2.2. The Governance Committee recommends to Board, that the annual declaration of interests register for Board Members is made a public document on CMIS, rather than confidential.
- 2.3. The Governance Committee recommends to Board, that a link to the annual declaration of interests is added to the Board Members profile on the Derby Homes website.

3. REASON FOR RECOMMENDATION

- 3.1. In order to comply with the RSH's regulatory requirements and NHF Code of Governance.

4. MATTER FOR CONSIDERATION

RSH Governance and Viability Standard

- 4.1. A copy of the standard is attached at **APPENDIX 3**.
- 4.2. The self-assessment concludes that Derby Homes is compliant in all these areas. The detailed reasons for this are set out in the appendix. There are further standards that do not apply at present as we are neither a parent company nor a 'for profit' RP.

National Housing Federation (NHF) Code of Governance 2020

- 4.3. A copy of the standard is attached at **APPENDIX 4**.
- 4.4. Outcome 2.1 of the RSH Standard is to adopt an appropriate Code of Governance. Derby Homes has adopted the NHF Code 2020.
- 4.5. The annual review has concluded that Derby Homes complies with the code, bar three areas, these being:

Area 1

3.7(3) Maximum tenure will normally be up to six consecutive years (typically comprising two terms of office), but where a member has served six years, and the board agrees that it is in the organisation's best interests, their tenure may be extended up to a maximum of nine years.

The Derby Homes constitution limits the terms nine years in line previous code, however, allows for further extension with broad approval. This has been a consistent noncompliance with the previous NHF code and also will remain so

with this one. The board's view is that the six years is too short for a maximum tenure and nine years would remain. The provision of open recruitment competition at each three-year cycle is sufficient to ensure that membership is set for the organisation's best interests. With a limited membership and with thirds from tenants, councillors and independent board members longer periods up to nine years and sometimes beyond are beneficial in maintaining the appropriate skills mix.

Area 2

3.7(4) A member who has left the board is not re-appointed for at least three years

The council has the right to appoint members on annual basis. It would be possible for member to leave the board one year and returned the next whilst assist while this hasn't happened it could.

Area 3

3.7(5) These provisions concerning tenure apply to office held across all of the organisation's boards and committees, and those of predecessor organisations, including service as a co-optee.

Dennis Rees OBE has been appointed on a lifetime basis to the Operational Board to reflect his long service and extensive knowledge of both Derby Homes and the housing sector

4.6. Non-Compliances to be declared in relation to the NHF Code for 2021-22.

As listed in section 4.5 above.

4.7. Transparency around declaration of interests

Transparency of Board Members declared interests could be extended by:

1. Making the annual report on Board Members declared interests a public document on CMIS rather than a confidential one.

And

2. Providing a link to the Board Members declared interest report within the profile description on the main Derby Homes website

5. OTHER OPTIONS CONSIDERED

None

6. CONSULTATIONS IMPLICATIONS

- 6.1. It is for the Council to determine Councillor Board Membership.

7. COUNCIL

7.1. It is for the Council to determine Councillor Board Membership.

8. LEGAL AND CONFIDENTIALITY IMPLICATIONS

8.1. It is not a legal requirement to comply with the RSH Standards, but it is a regulatory requirement to sustain Derby Homes' Registered Provider (RP) status. It is believed that we meet the Governance and Viability standard in full.

9. RISK IMPLICATIONS

9.1. Derby Homes is a Registered Provider of Social Housing and is required to comply with the Governance and Viability framework of the RSH. Any non-compliance would lead to an increased risk of losing our Investment Partner or RP status.

The areas listed below have no implications directly arising from this report:

Financial and Business Plan
Personnel
Environmental
Equalities Impact Assessment
Health and Safety
Policy Review

If Board Members or others would like to discuss this report ahead of the meeting, please contact:

Taranjit Lalria / Head of Governance and Corporate Services / 01332 888 608 / Taranjit.lalria@derbyhomes.org

Background Information Appendix 1 – RSH G&V checklist
Appendix 2 – NHF Code 2020 Checklist

Supporting Information Appendix 3 – RSH Governance and Viability Standard and code of practice
Appendix 4 – NHF Code of Governance 2020

This report has been approved by the following officers:

Managing Director	Maria Murphy	25/10/2022
Finance Director	Michael Kirk	19/10/2022
Company Solicitor	Taranjit Lalria	18/10/2022